



# Defense Logistics Agency

## National Inventory Management Strategy

24 June 03



## READINESS SUMMIT



# Overview

- **NIMS**
  - **Background**
  - **Pilot Status**
  - **What We've Learned**





# NIMS Defined

***“A strategy for extending DLA’s consumable item supply chain management from the wholesale level to the point of consumption.”***



# Why NIMS?

## Goals:

- To merge distinct wholesale and retail inventories into a national inventory that can be managed in a more integrated manner
- Improve customer support by tailoring inventory services to individual Service requirements
- Reduce redundant inventory
- Lower overall DoD inventory costs



# A National Inventory

## DLA Consumable Items



**Tailored Logistics Solutions:**

- Stockage Levels
- Critical Items
- Infrastructure Agreements



DLA, Service, and Site will negotiate inventory management solutions, creating a tailored logistics solution *by site*.

### Service Retail



End User

**Old Way**



End User

**NIMS Way**

DLA owns the inventory investment to end-user point of sale.

Retail pass-through charges for DLA materiel are



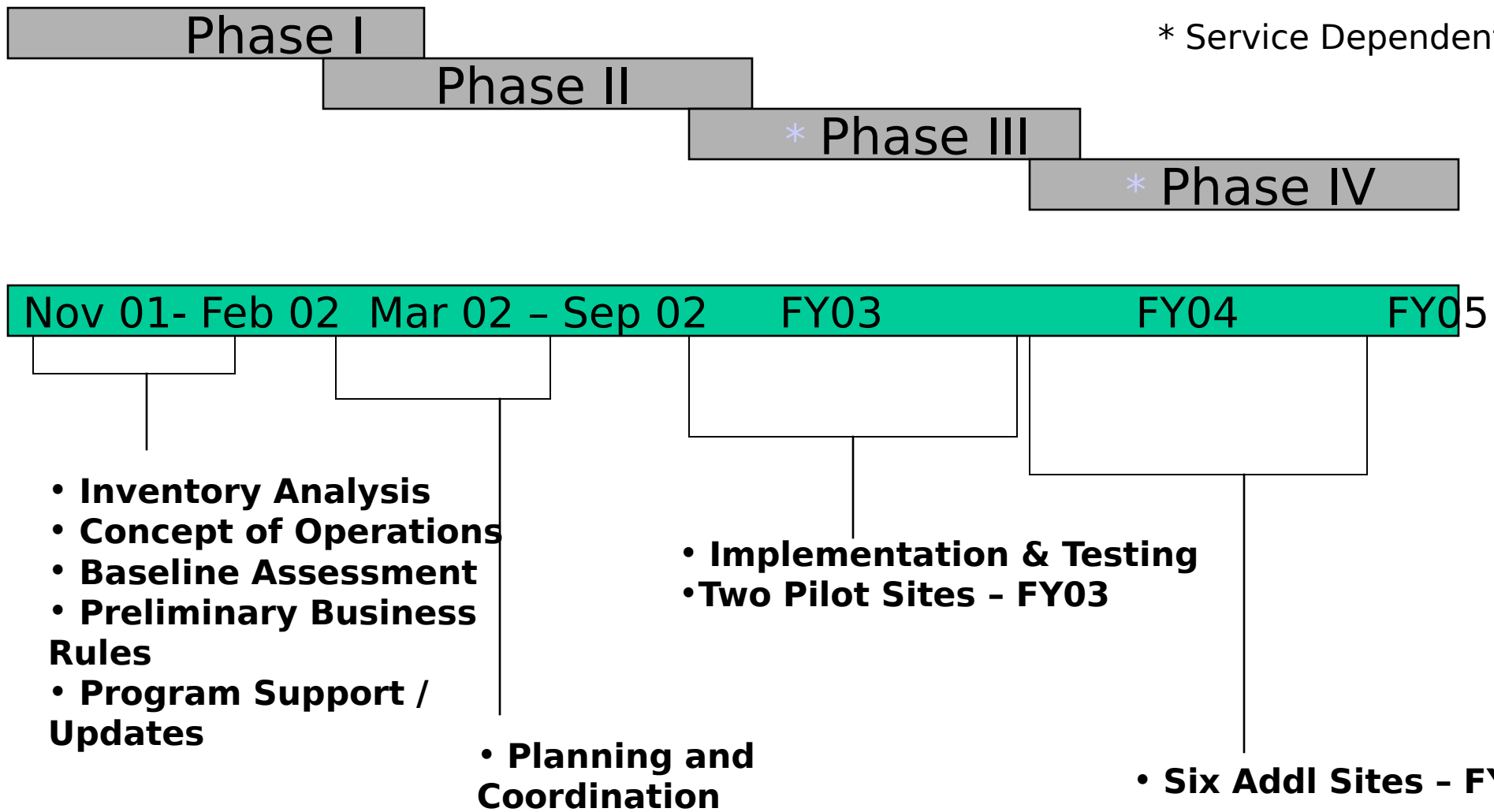
# Concept Of Operations

- Consumer-level inventories adjusted to reflect range and depth requirements based on customer agreements
- Service legacy systems continue to perform inventory management and level-setting functions
- Infrastructure supporting retail inventories continue to provide inventory support within mutually established guidelines
- Materiel positioned to provide the best total support while optimizing transportation
- DLA will adjust national inventory goals to meet specific levels of warfighter support
- DLA and Services will establish and monitor performance measures





# Timeline





# NIMS - Program Status

- **FY 03 Objective - 1 Pilot Site Per Service**
  - Navy - Naval Station Ingleside (Started May 03)
  - Air Force - Tinker AFB (Jun 03)
  - Army - Fort Carson (Feb 04)
  - Marine Corps - Camp Lejeune (FY 04)
- **Concept Demonstrations**
  - Naval Station, Yokosuka Japan
  - Naval Air Station, Sigonella Italy

**NIMS Rollout Reflects Draft AT&L Plan for SSI (PB**





# NIMS Status - Navy



## Yokosuka (Started Jun 00)

- Transferred Ownership Of 11K DLA NSNs (\$11.5M)
- Customer/Retail Interface...U-2 - SAMMS - DSS
- Agreement To Meet 85% Net Effectiveness

## Sigonella (Started Jan 02)

- Positioned 9K NSNs Forward - Expanded Range/Depth
- Customer/Retail Interface...U2 - SAMMS
- Mission Surge...Issues Increased...3,800 - 11,400/month
- Transition Distribution Functions To DLA

## Ingleside (Started May 03)

- DLA/Navy Pilot Transferred Ownership of 6K NSNs (\$3.5M)
- DLA Owned Assets Managed In Navy IM System
- Commitment To Meet/Exceed Current Performance Levels



# Inventory Efficiency - Air Force



## Oklahoma City (Start Date: 31 Jun 03)

- AF Attriting 2394 NSNs (\$8M)...Duplicative Inventory
- Coupled with DDC Strategic Distribution Program...100% Demand @ OC-ALC
- Customer Wait Time Primary Tracking Metric
- Next Steps...Similar Vector at Hill & Robins... Base-Level Effort



# NIMS - Marine Corps



## **Status:**

- Original Plan: Fund Warehouse Mgmt System Changes and Link to Inventory Mgmt System at II MEF
- NIMS Implementation Dependent on IM Selection
- LtGen Kelly's Decision: Link NIMS to GCSS-MC Based upon Oct 03 Selection of IM System
- Selection of IM Solution Could Delay USMC NIMS Pilot to Late FY04 and Possibly FY05
- Continue with Warehouse Mgmt Changes to Position DLA to Implement NIMS with the Selected IM Solution



# NIMS - Army



## Status:

- **Moves DLA Ownership to the Army Tactical Storage Level**
  - Inventories Replenished Automatically (DLA Funded)
  - Perpetuates Army Single Stock Fund Methodology
- **Systems Development On-Going**
  - Major Business Process Change
  - Requires Major Changes to Legacy Systems
  - Must Ensure Functionality is Included in ERP Development
- **Implementation Timeline**
  - Pilot Currently Scheduled for Feb 04 (Fort Carson, CO)
  - Synchronizing With Other Army Initiatives (AMC



# What We've Learned

- Demonstrated Retail Support
- Implementation Challenges:
  - Ownership
    - Financial Transfer
    - Cultural/Control Issues
  - Interface with Service Retail Systems
  - Requisition Processing Cycle
    - Logic & Routing
    - Responsiveness



**NIMS**

**Questions?**